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ABSTRACT

This booklet, designed to help Colorado higher education students make informed decisions about undertaking educational loans, contains information on determining a reasonable debt level, budgeting future expenses, and available loan programs. Following an introduction, Part 1 introduces the reader to the basics of educational loans including rights and responsibilities in choosing a school (includes a detailed list of questions to ask before enrolling), determining costs and planning financial strategies (with a sample worksheet), how to apply for federal financial aid (described in six steps), and description of student loan programs: Federal Stafford Loans, Federal PLUS loans, and Federal Supplemental Loans for Students. Part 2 addresses debt management strategies and covers such topics as how to be an informed borrower, sample expected entry level salaries, how to estimate a reasonable debt level based on a typical out-of-school budget, examples of repayment schedules, and sample worksheets for calculating how to balance repayment with various combinations of income and expenses. A glossary of financial aid terms is also included. (JB)

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What to Know BEFORE you Owe
Student Loan Basics

ED 390 337

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Introduction

The Colorado Student Loan Program (CSLP) wants to help you make informed choices and decisions about financing your education.

Before you borrow student loans you should determine how much you can afford to borrow — or how you're going to manage your student loan debt once you begin repayment. The more you borrow the higher your monthly payments; be careful you don't borrow more than you'll be able to repay. Information is provided in this booklet to help you determine a reasonable debt level. You'll also receive debt management information from your school. Before you receive your loan funds you'll be required to attend an Entrance Counseling session and you'll also be required to attend Exit Counseling before you graduate or leave school.

If you're completing your education, this booklet can help you budget your future expenses, which of course include your student loan payments. CSLP also publishes *Your Complete Student Loan Repayment Advisor* which should help you understand the repayment process. You can order a free copy by calling 303/294-5094 or returning the order form on page 24.

The Colorado Student Loan Program is not a lender. CSLP is a division of the State of Colorado, Department of Higher Education, and oversees the Federal Family Education Loan (FFEL) Program. CSLP is a guarantee agency, which means we insure (or guarantee) that the loans will be repaid to the banks, savings and loans, and credit unions that participate with CSLP and provide the loan funds. Turn to page 24 to request a list of participating lenders or a student loan application.

FFEL includes the *Federal Stafford Loan*, the *Federal PLUS Loan* and the *Federal Consolidation Loan*. The *loan* programs have been around for many years in one form or another and were recently named the Federal Family Education Loan Program by Congress.

As you might have heard, there is now another program, the Federal Direct Student Loan (FDSL) Program. What's the difference between the programs? Primarily, where the money comes from and who administers the program. FFEL is administered by a guarantee agency, like CSLP, and the money comes from lending institutions. With FDSL, the federal government lends money to eligible borrowers through the school. In both cases, the school certifies a student's eligibility. The loan limits, interest rates, fees and repayment terms are the same for both programs.

Do you get to decide which program you use to help you pay for school? No, the type of loan program you borrow under is determined by your school.

Whether your school participates in FFEL or FDSL, there is one thing you can do to make your life easier: communicate with your financial aid office. Make them your number one resource. Then, no matter what the program name, no matter who administers it, you will have first hand information and know that you are receiving the best financial aid package (which includes grants, scholarships, work programs and loans) your school can offer you.

This booklet describes the FFEL program. Though the programs are similar, if your school participates in the FDSL program, contact them for more specific information.

Before you borrow any student *loan*, please read this booklet and explore all other options. This booklet contains valuable information that can help you no matter what type of student loan you borrow.

Remember: student loans must be repaid, whether or not you graduate!

See Terms to Know on pages 25–28

Choosing a School, Your Rights and Responsibilities

Education is a big investment and choosing the right school is important. Your time is valuable and school is expensive. To make sure you get the most out of your investment, you need to carefully evaluate the education or training you're considering **before** you enroll.

Think of your education as one of the biggest purchases you'll make in your life and be a wise consumer. Whether planning to attend a four-year college or university, a community college, or a career or vocational school there are things you should research before you purchase your education. Make sure the school you choose will meet your needs and expectations after you graduate.

Before you enroll, understand your rights and responsibilities as a student and be prepared to ask questions. Listed below are examples of questions you might want to ask before you enroll. (Not all questions will apply to all types of schools.)

1. What are the names of your accrediting or licensing organizations? (You might find this information useful in the future.)
2. What types of programs do you offer and what are the qualifications of your instructors?
3. May I have a tour of your facilities? Sit in on a class?
4. What type of equipment do you use? (Make sure the equipment you'll be trained to use is compatible with industry standards.)
5. In addition to tuition, what other fees will I be expected to pay? If I leave, are any of these refundable?
6. What is your refund policy? If I leave school before graduating, will my money be refunded? What percent? If I leave before I've paid my tuition in full, will I still owe you money? (Make sure you are fully aware of the refund policy and what it means!)
7. Is there a financial penalty for withdrawing from school before graduation? Is there a re-enrollment fee if I decide to return?
8. What academic standards must I maintain to stay in school and how do you measure *satisfactory progress?* What happens if I fail to make satisfactory progress?
9. When can I attend a session that explains *grants, loans, college work-study* and other assistance provided? Is there a counselor to answer my questions?
10. What are the procedures and deadlines for applying for financial aid and how is it awarded?
11. What constitutes *half vs. full-time* enrollment?
12. What is your attendance policy?
13. What percent of your students graduate?
14. What are the salary ranges of your graduates? (Is the tuition worth what you'll earn?)
15. Is job placement service available?
    a. What is your placement rate?
    b. How does job placement work?
    c. May I continue to use the job placement service after my first placement? Is there a limit to the number of times I can use the placement service?
    d. May I have names and phone numbers of students you've placed?
    e. What companies typically hire your graduates?

See Terms to Know on pages 25-28

Additional Suggestions:

Call schools you may want to attend in the future. Will they accept transfer credits from the school you're considering?

If the school requires you to sign a contract, ask for a copy of the contract — can you understand it? Read it thoroughly; **do not sign it until you understand it completely.**

Call the personnel offices of companies you'd like to work for and ask if they give preference to graduates from the school you're considering.

Remember, it's your responsibility to:

1. Review all information about a school's program before you enroll; make sure you enroll in a school that will help you meet your future goals.
2. Read and understand all financial aid information that is given to you and complete forms accurately and within the time period allowed.
3. Provide the school with all documentation, *verification*, corrections, and new information requested.
4. Read, understand, and keep copies of all forms you are asked to sign.
5. Comply with the provisions of any agreement you sign.
6. Understand your school's policies and procedures.
7. Explore all financial aid options before you borrow a student *loan*.

See Terms to Know on pages 25–28

Determine Your Cost and Plan Financial Strategies

Your *cost of attendance*, or your expenses while in school, will include tuition, fees, books, housing, transportation, child care if applicable, and personal items. Each school determines their own *cost of attendance* (or *budget*) which means it will vary from school to school (but they are standardized, not individualized for each student). Request sample student budgets from the school(s) you're considering.

It's sometimes possible to spend less than the school's official *cost of attendance*. Tuition and fees are direct costs and usually must be paid before you begin the first day of classes and are nonnegotiable. Other items such as personal expenses, transportation and possibly housing are indirect costs and can usually be spread out over the year. Look for ways to save money. You have to buy books but you can buy your books from an off campus book broker or purchase used books to save a few dollars.

Think in terms of creating a financial strategy that will help you with the complete cost of your education. For planning purposes, use the student *budget* figures provided by the school(s) you're investigating. The following worksheet will help you estimate and compare the costs of the schools you're considering.

Costs

	School A	School B	School C
Tuition			
Books			
Fees			
Housing			
Transportation			
Personal expenses			
Other (exp. child care)			
Annual total			
x Years in school			
= Cost to graduate			

Notes: _____

Now, how are you going to pay for your education? That's where budgeting and financial planning can help you develop a strategy that will work for you.

Consider:

- Planning with your family how you will pay.
- Working part-time while in school to help meet expenses.
- Working for an employer that helps pay for school.
- Reducing your monthly expenses while in school.
- Applying for financial aid (which includes *grants*, *college work-study* and *loans*).
- Applying for *scholarships*

  Scholarships come from many different sources. Who should you contact for information? To get started, contact:

  - your counselor if still in high school;
  - the financial aid offices of the schools you're considering;
  - the public library (ask the reference librarian);
  - your employer, your parents' employers, local businesses, and groups to which you or your parents are affiliated;
  - your church.

See Terms to Know on pages 25–28

How to Apply for Federal Financial Aid

In order to be considered for any financial aid, you must apply. Most financial aid is based on your "*financial need*," as determined by a congressional formula. Even if you think your income is too high to qualify for need based financial aid, you must go through the application process if there's a possibility you'll apply for student loans.

Step 1. Call, write or visit the financial aid office of the school(s) you're considering and ask them for financial aid information, including applications. If you're still in high school, you might be able to get the information you need in the counseling center.You'll be required to complete the Free Application for Federal Student Aid (FAFSA) to be eligible for any need based financial aid. Some colleges will also ask you to complete additional forms.

Step 2. Complete the FAFSA and any other required forms. Check the form carefully! Errors can cost you valuable time. To ensure that you are considered for all available financial aid, make sure you check the box authorizing the Department of Education to release the information on the form. If you have questions along the way, don't hesitate to call a financial aid office and ask for help. You can also get help completing the FAFSA by calling the Department of Education's help line at 1/800/4-Fed-Aid (433-3243).

Step 3. Make copies of the form(s) before mailing and put them in your financial aid file.

Step 4. Mail the originals to the appropriate places as soon as possible after January 1 of the year you're planning to attend school.

Step 5. Watch your mail. Once the FAFSA is processed, you will receive a *Student Aid Report* (SAR) from the processor. The schools you indicated on the FAFSA will also receive the results. Open all correspondence immediately and check everything carefully. If you need to make corrections or respond to a financial aid offer (often called an *award letter*) from the schools to which you are applying, you need to do it quickly.

Step 6. If eligible for student *loans*, complete the student loan application provided by your school or your lender.

Some schools will use an electronic process rather than a paper one. The information you receive from the financial aid office will spell out their procedures. Follow them.

When to apply

Apply as soon after January 1 of the year you plan to attend school as possible. Even without corrections, it can take up to six weeks for the school(s) to receive the information from the processor.

Many schools have priority consideration dates or deadline dates. If you miss a school's established date, there are some financial aid programs that may not be offered to you — even if you're eligible. Why? Because many *campus-based programs* have limited funding. The students that meet the deadline date are the first to be considered for some of the best financial aid programs, including *grants* and *college work-study*. Information about priority consideration dates will be included in the financial aid information you receive. What if you miss a priority date? Submit the form(s) anyway. Some programs, including student *loans*, are not affected.

Important notes:

1. If your financial circumstances change during the year, or after you have completed the FAFSA, notify your financial aid office — they may be able to make adjustments.
2. If you transfer from one school to another, your financial aid does not automatically go with you. Notify both financial aid offices.
3. Make copies of all documents you sign and keep them in a financial aid file.

See Terms to Know on pages 25-28

4. You must reapply for aid each year.
5. Not just four-year schools have financial aid offices. Community colleges, vocational and technical schools also have *financial aid counselors* available to assist you.
6. Financial aid offices are extremely busy during peak processing times and all operate a bit differently: some prefer you call for information, others prefer you stop by the office. Carefully read the information they send to you and when you contact a financial aid office, be patient but persistent. *Financial aid counselors* are a valuable resource for you and are there to help. And, you can't get financial aid without them!

Attend a financial aid presentation in your community. Many high schools, colleges, and universities host financial aid sessions — watch for one in your area.

Questions about the FAFSA, federal student financial aid programs or the financial aid process? Call the federal government's toll-free number, 1/800/4-Fed Aid (433-3243), for answers.

See Terms to Know on pages 25–28

Student Loan Programs

FFEL consists of the *Federal Stafford Loan*, the *Federal PLUS Loan* and the *Federal Consolidation Program*. All are a part of the financial aid that is available to help you pay the cost of your education beyond high school. The *Federal Consolidation Loan* is available to help you manage your student loans once you've completed your education.

Borrowers must meet general requirements. A student must:

- enroll or be accepted for enrollment as at least a *half-time student* at an approved school;
- when enrolled, make *satisfactory progress* according to the school's standards;
- be a U.S. Citizen, National, permanent resident, or eligible noncitizen who can provide proof of your status from the Immigration & Naturalization Service (INS);
- be free from *default* on any other student loans and free from an obligation to refund a *Federal Pell Grant, Federal Supplemental Education Opportunity Grant, State Student Incentive Grant* or *Basic Grant*;
- select a lender that participates in the student loan program; (If your bank, savings and loan, or credit union does not participate, see page 24.)
- meet any other specific program requirements.

The amount you are eligible to borrow is determined by the *financial aid counselor.*

You may never borrow more than the *cost of attendance* minus other aid awarded or more than the maximum amounts allowable under any program.

There are two finance charges associated with the *loan* programs. The first charge is a 1% guarantee fee which insures the *repayment* of your loan to your lender in the event of death, permanent and total disability, or *default*. The second charge is the 3% origination fee which goes to the federal government to help offset the cost of the student loan programs. Both fees will be deducted from your loan funds by your lender but you are responsible for repaying the total amount of the loan.

Example:		
	$2,625.00	*loan* amount
	– 26.25	guarantee fee (1%)
	– 78.75	origination fee (3%)
	$2,520.00	total amount received*

*Since all *loans* are multiply disbursed, you will not receive the entire amount at once and the fees will be deducted in equal proportions from each *disbursement*. Chances are you will receive two separate *disbursements*.

$1,312.50	disbursement amount	$1,312.50	disbursement amount
– 13.13	half of guarantee fee	– 13.12	half of guarantee fee
– 39.38	half of origination fee	– 39.37	half of origination fee
$1,259.99	first disbursement	$1,260.01	second disbursement

Federal Stafford Loans — Subsidized and Unsubsidized

The *Federal Stafford Loan* is designed to help students pay their cost of education. All eligible students can borrow a *Federal Stafford Loan* regardless of income. If you qualify financially, you can borrow a subsidized loan and the federal government will pay the interest for you while you're in school and during your *grace period*. If you do not qualify financially, you're responsible for the interest on your unsubsidized loan during both periods. It's possible to qualify for a portion of each type. Your *financial aid counselor* will determine your eligibility for each portion based on the information from your FAFSA.

The interest rate for first-time *borrowers* is variable with an 8.25% cap. It is adjusted every July 1. Your lender will supply you with the details.

See Terms to Know on pages 25–28

The loan limits vary depending on your year in school, the length of your academic program, whether you're an *independent* or *dependent student* and other financial aid awarded.

The limits we're listing are maximums. Your *financial aid counselor* will make the final determination.

As a *dependent undergraduate* you could borrow **up to:**

$2,625 during your first year;
$3,500 during your second year; and,
$5,500 for your third through fifth years.

If you're an *independent undergraduate* you could borrow **up to:**

$6,625 during your first year (at least $4,000 must be unsubsidized)
$7,500 during your second year (at least $4,000 must be unsubsidized); and,
$10,500 a year for your third through fifth years (at least $5,000 must be unsubsidized).

Graduate and professional students may be eligible for up to $18,500 per *academic year* (at least $10,000 must be unsubsidized).

There are cumulative limits too. As a dependent undergraduate, the maximum you can borrow to finance your entire education is $23,000. If you're independent you could qualify for up to $46,000.

As a graduate or professional student, the maximum Federal Stafford debt allowed is $138,500 ($65,500 in subsidized and $73,000 in unsubsidized loans). These totals include undergraduate study.

Borrow carefully!!
Consider the repayment amounts.
(Amounts are paid over ten years at 8.25% interest)

Amount borrowed:	$23,000.00
Monthly payments	$ 282.10
Amount repaid (w/interest):	$33,852.12

Or if you were to borrow the maximum amount allowed:

Amount borrowed:	$138,500.00
Monthly payments:	$1,698.74
Amount repaid (w/interest):	$203,848.66

With a cumulative balance of $138,500, you would probably consolidate your loans under the *Federal Consolidation Program* and spread your payments out over 30-years. If you did that it would look like this:

Amount borrowed:	$138,500.00
Monthly payments:	$ 1040.50
Amount repaid (w/interest);	$236,060.26

A hefty monthly payment, more than most house payments — again, borrow very carefully.

Your *loan* funds will be sent to your school in multiple *disbursements*, either by check or electronically. Your school will notify you when your funds are available. Before you receive any money, schools usually require that tuition, fees and any outstanding balances owed to the school are paid.

You won't have to begin *repayment* until six months after you graduate, withdraw or drop to less than half-time. This period of time is called a *grace period*. If you've borrowed a subsidized *loan*, the federal government will pay the interest for you while you are in school and during your *grace period*. If you borrowed an unsubsidized loan, you'll be responsible for all of your interest but you'll have the choice of making your interest payments or having them capitalized (added to your principal).

There are different repayment options. Traditional *repayment* may extend as long as ten years with a $50 minimum monthly payment; the more you borrow, the higher your monthly payment will be. Graduated and income-sensitive *repayment* options are also available but you need to specifically ask for them from your lender.

Federal Supplemental Loans for Students (SLS)

This program is no longer available as of July 1, 1994. *Independent students* now have increased borrowing ability under the unsubsidized *Federal Stafford Loan*.

See Terms to Know on pages 25-28

Federal PLUS — Parent Loan

The Federal PLUS Loan is a parent *loan* for *dependent* undergraduate students and is **not based on *financial need*.** Your lender is required to run a credit check, and any adverse credit (as defined by the U.S. Department of Education) will prohibit you from borrowing. If a parent is denied a PLUS Loan because of adverse credit, the student may borrow an additional amount under the Federal Stafford program.

The interest rate is variable with a 9% cap. There are no loan limits but you can never borrow more than the *cost of attendance* minus other financial aid and your lender may look at debt to income ratio. It's wise to fill out the FAFSA form even though it is not technically required for a *Federal PLUS Loan*. If you don't, the maximum *Federal Stafford Loan* amount may be deducted from the amount you're eligible to borrow.

The *loan* funds will be sent directly to the school in multiple *disbursements* and *repayment* begins within 60 days of the final *disbursement*.

You may use the *Federal PLUS Loan* to help with your *family contribution*.

How to apply for a Family Education Loan

Pick-up an application packet from your school or from a participating lender. If you are unable to locate a lender or would like a student loan application mailed to you, contact CSLP. There is an order form on page 24. Complete instructions are included in your application packet. Follow them carefully. Once you complete your section of the application, take it to your financial aid office so they can complete their section, which includes determining how much you're eligible to borrow. The application will then be routed to your lender for approval, and to CSLP for guarantee.

CSLP will let you, your lender, and your school know when the *loan* is guaranteed.

The whole process may take 30 days, so plan ahead. Be aware that federal law prohibits a lender from disbursing funds prior to 30 days **before** the beginning of the *loan* period. If you're a first time borrower in the first year of undergraduate study, you will not be able to access any *Stafford Loan* funds until 30 days **after** the beginning of classes.

The loan application and delivery process is being improved all the time. Make sure you follow the instructions of your *financial aid counselor* and those on the application to ensure you receive your student loan funds as quickly as possible.

Important Notes:

1. Read and understand all information before you sign anything.
2. Keep copies of everything you complete and keep all papers in a safe place.
3. When you move or change your name YOU must notify your lender — it is your responsibility, the school will not do it for you.
4. You must reapply for student *loans* each *academic year*. They are not automatically renewed.
5. You must repay your student *loan(s)*! If you have problems making your student loan payments, contact your lender immediately; you may qualify for a *deferment* or a *forbearance*. There are options available but **you must to contact your lender and ask for assistance.**
6. You are obligated to repay the full amount of a *loan* even if you do not complete your program of study, are unable to obtain employment upon completion, or are otherwise dissatisfied with or do not receive the educational or other services that you purchased from the school.
7. Know what may happen if you *default* on your *loan*. There are serious consequences! If you *default*, you could be faced with a damaged credit rating for at least seven years (because student loan *defaults* are reported to national *credit bureaus* this will affect you when you decide to purchase a house or even a car), loss of generous *repayment* schedule and *deferment* options, possible seizure of federal and state income tax refunds, legal action, referral to a collection agency and garnishment of wages. You'll also be denied any additional federal financial aid until you've made satisfactory *repayment* arrangements with your guarantee agency.

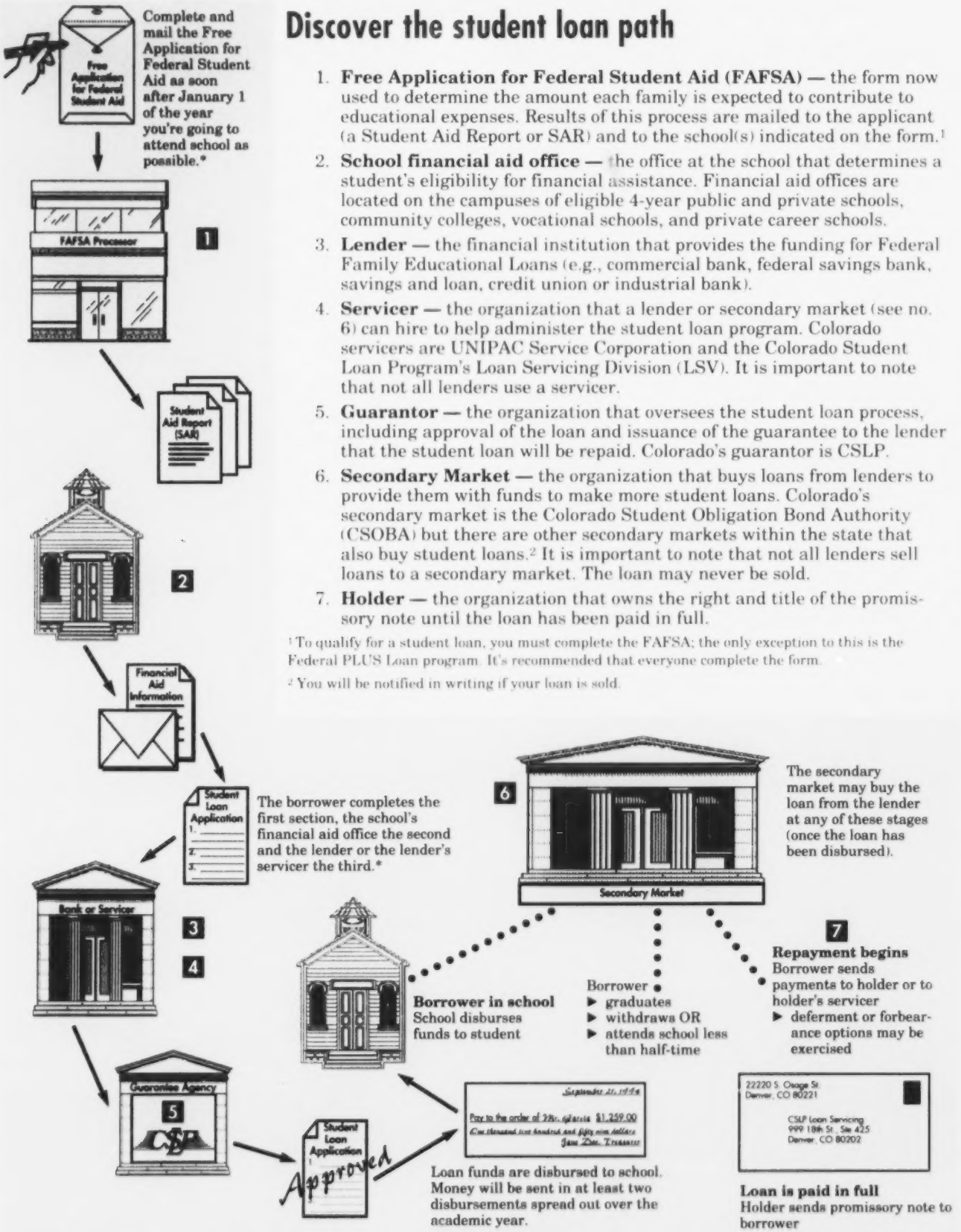
See Terms to Know on pages 25–28

Discover the student loan path

1. **Free Application for Federal Student Aid (FAFSA)** — the form now used to determine the amount each family is expected to contribute to educational expenses. Results of this process are mailed to the applicant (a Student Aid Report or SAR) and to the school(s) indicated on the form.[1]
2. **School financial aid office** — the office at the school that determines a student's eligibility for financial assistance. Financial aid offices are located on the campuses of eligible 4-year public and private schools, community colleges, vocational schools, and private career schools.
3. **Lender** — the financial institution that provides the funding for Federal Family Educational Loans (e.g., commercial bank, federal savings bank, savings and loan, credit union or industrial bank).
4. **Servicer** — the organization that a lender or secondary market (see no. 6) can hire to help administer the student loan program. Colorado servicers are UNIPAC Service Corporation and the Colorado Student Loan Program's Loan Servicing Division (LSV). It is important to note that not all lenders use a servicer.
5. **Guarantor** — the organization that oversees the student loan process, including approval of the loan and issuance of the guarantee to the lender that the student loan will be repaid. Colorado's guarantor is CSLP.
6. **Secondary Market** — the organization that buys loans from lenders to provide them with funds to make more student loans. Colorado's secondary market is the Colorado Student Obligation Bond Authority (CSOBA) but there are other secondary markets within the state that also buy student loans.[2] It is important to note that not all lenders sell loans to a secondary market. The loan may never be sold.
7. **Holder** — the organization that owns the right and title of the promissory note until the loan has been paid in full.

[1] To qualify for a student loan, you must complete the FAFSA; the only exception to this is the Federal PLUS Loan program. It's recommended that everyone complete the form.

[2] You will be notified in writing if your loan is sold.


Free Application for Federal Student Aid
Complete and mail the Free Application for Federal Student Aid as soon after January 1 of the year you're going to attend school as possible.*
FAFSA Processor
1
Student Aid Report (SAR)
2
Financial Aid Information
Student Loan Application
1.
2.
3.
The borrower completes the first section, the school's financial aid office the second and the lender or the lender's servicer the third.*
Bank or Servicer
3
4
Guarantee Agency
5
CSLP
Student Loan Application
Approved
Secondary Market
6
The secondary market may buy the loan from the lender at any of these stages (once the loan has been disbursed).
Borrower in school
School disburses funds to student
Borrower
▶ graduates
▶ withdraws OR
▶ attends school less than half-time
7
Repayment begins
Borrower sends payments to holder or to holder's servicer
▶ deferment or forbearance options may be exercised
September 15, 1994
Pay to the order of Jane Doe $1,259.00
One thousand two hundred and fifty nine dollars
Jane Doe, Treasurer
Loan funds are disbursed to school. Money will be sent in at least two disbursements spread out over the academic year.
22220 S. Osage St.
Denver, CO 80221
CSLP Loan Servicing
999 18th St. Ste 425
Denver, CO 80202
Loan is paid in full
Holder sends promissory note to borrower

*Schools might transmit information electronically, without completing a paper application. Your school will let you know if they participate in a n electronic process.

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Be an Informed Borrower

Before you borrow, think about *repayment*. Explore all other options before borrowing because student *loans* are not like *grants*. Unless cancelled, loans always have to be repaid — **even if you don't graduate** from school.

If you find it necessary to borrow under the student *loan* program, borrow only what you absolutely must have. Each student loan will increase the amount of your monthly payments. Keep track of how much you're borrowing. Look at a sample *repayment* schedule, like the one on page 17, to determine how much your monthly payments are going to be. Figure out an acceptable debt level and don't borrow more than you will be able to pay back comfortably (see page 15 for more information).

Before you actually receive *loan* funds, your school will require that you attend a student loan counseling session. The counseling session is usually known as the *Entrance Interview*. Before you leave school, you'll attend an *Exit Interview*.

Both of these interviews are required by the federal government to ensure that you are aware of several things. Among them, that you know:

- your *loan* amounts under each program and your estimated monthly payments;
- you are borrowing a *loan* that must be repaid;
- you must keep your lender informed of changes;
- when your payments start;
- where to send your payments when you go into *repayment*;
- you have to pay interest;
- you have *deferment* options;
- what a *forbearance* is;
- your *repayment* terms and options;
- the consequences of failing to meet the *loan* obligations;
- who to contact for help.

These sessions are designed to help you become an informed *borrower*; if you have questions about anything that is presented, ask!

See Terms to Know on pages 25–28

Entry Level Salaries

Listed below are some of the growth occupations, hot occupations and **sample** wage ranges in Colorado.

Use the salary information to assist you in determining an acceptable level of indebtedness. Keep in mind that salaries are always changing due to economic conditions, and no attempt has been made to factor in the future impact of inflation.

Some of the top 50 growth occupations (based on annual growth in Colorado 1992–1997)

- Registered Nurses
- General managers and top executives
- Salespersons
- General office clerks
- Secretaries, executive legal and medical
- Cashiers
- Nursing aides
- Systems analysts
- Supervisors, sales
- Accountants and Auditors
- Computer programmers
- Truck drivers
- Teachers, elementary and secondary school
- Carpenters
- Cooks, restaurant workers,
- Food service and lodging managers
- Hairdressers and cosmetologists
- Physicians
- Marketing, advertising and public relations managers

Almost one-third of the new jobs created over the next five years are expected to be of a professional, paraprofessional or technical nature (*Colorado Department of Labor & Employment's 1992 Occupational Employment Handbook*) This category is the largest job-generator, the fastest growing, and the largest in terms of numbers. Most of these occupations require an education after high school!

Sample Salaries

Some of the occupations listed below are based on hourly wages while others reflect yearly salaries. This is because there are different agencies reporting the data and some use different methods than others. All are AVERAGES.

Consult your college's placement or career office for current salaries of graduates with your exact educational degree or level.

Occupation	Salary range	
Registered Nurses	$12.96/hr	$16.20/hr
Licensed Practical Nurses	$5.17/hr	$13.75/hr
Physical therapists	$11.13/hr	$14.42/hr
Teacher Aides & Educational Assistants	$4.35/hr	$9.00/hr
Salespersons	$4.50/hr	$6.75/hr
General office	$4.35/hr	$12.46/hr
Secretaries, general	$4.35/hr	$15.39/hr
executive legal and medical	$20,500	$32,900
Truck drivers	$4.35/hr	$18.00/hr
Systems analysts	$30,900	$50,700
Accountants and Auditors	$23,900	$31,100
Computer programmers	$25,700	$42,300
Nursing aids	$10,100	$22,400
Teachers, elementary	$32,400	(median)
secondary	$33,700	(median)
Carpenters	$15.01/hr	(steady employment)
Cooks, restaurant workers	$2.75/hr	$12.88/hr
Food service and lodging managers	$26,000	$45,000
Hairdressers and cosmetologists	$7.00/hr	$14.00/hr
Physicians	$95,900	$220,500
Veterinarians	$50,000	$100,000
Marketing, advertising and public relations managers	$41,400	(median)

This information was compiled from the *Colorado Department of Labor & Employment's 1992 Occupational Employment Handbook* and the U.S. Department of Labor Bureau of Labor Statistics' *Occupational Outlook Handbook 1992–93 Edition*. This list is intended to be used as a guideline only.

How to Estimate an Acceptable Debt Level

It has been determined that an acceptable student *loan* payment is 8% to 10% of your first-year gross starting salary.

Remember, determining acceptable debt levels is based on two estimates: how much you will borrow and how much you will earn once out of school. It helps to plan ahead.

Use the *repayment* schedule in this booklet to estimate what your monthly student *loan* payments will be for the amount you plan to borrow.

To estimate an acceptable debt level:

Take your expected gross salary after graduation and multiply by the "acceptable" debt level or 8% (.08). Divide that number by 12 (months of the year) and you now have the amount of money you can pay a month toward student *loans*. Or, if you're looking at a monthly salary, multiply that amount by 8% (.08). Now, turn to page 17 and look at the *repayment* schedule for loan amounts that do not require a larger monthly payment than you can afford (based on the above calculation).

It's a good idea to estimate monthly payments using the highest interest rate allowed under each program. A word of caution — the amount you determine you can afford to borrow is the amount over the life of your education.

Students are borrowing more as tuition and living expenses increase and as aid other than student *loans* continues to decrease. Seriously consider what final student loan obligation you can handle and look for alternatives to borrowing.

See Terms to Know on pages 25–28

Out of School Budget

How much will it cost you to live once you're out of school? This information can help you estimate how much you'll have available for student *loan* payments.

The figures below are estimates only and are provided to give you a basic idea of what it will cost to live on your own. Remember that costs may vary depending on where you live. These figures are based on metro Denver information.

I. Rent*

Efficiency (buffet/studio)	$275–375
One bedroom	$350–525
Two bedroom	$457–750
Three bedroom	$500–800

*Depends on area of town and type of apartment.

Your cost $_____

II. Utilities

Heat and electricity	$50
Basic telephone service	$20

Water is usually included, but you could be required to pay your heat and electricity. Additional charges could also be added for amenities (an in apartment washer and dryer adds $30 per month).

Your cost $_____

III. Food

Eating at home/ occasional dinners out	$107
Lunches at work (22 days @ $5.00 per day)	$110

Your cost $_____

IV. Child care

$200–$400 per month per child

Your cost $_____

V. Transportation

RTD Monthly pass (Express)	$46

New compact car $9,000
Down payment $1,000
Loan Amount $8,000

Monthly loan payment (based on 7% four-year loan)	$191.57

PLUS insurance which will vary depending on the type of car you own and your driving record.)

Your cost $_____

VI. Personal expenses

Wardrobe	$135
Household	$55
Entertainment	$110

Your cost $_____

VII. Student loan payment
(based on your estimated indebtedness)

Your cost $_____

VIII. Emergency Fund
(6% of gross)

Your cost $_____

TOTAL MONTHLY EXPENSES $_____

See Terms to Know on pages 25–28

Repaying Your Loans (sample repayment schedules)

Follow these steps to estimate your loan payment. For subsidized Federal Stafford Loans, complete Step 3 only. The Federal government pays the interest while you are in school.

STEP 1: Calculate Your Monthly Interest Charges

Round your loan up to the nearest $500. If you have a variable interest rate, use 7% for Federal Stafford. If your loan amount is not on the table, follow the example below to estimate your monthly accrued interest.

Example:

Stafford Loan of $4,500 at 7% interest

$4,000 = $23.33/month
+ 500 = 2.92/month
$26.25/month

Your Monthly Interest $ _____.

Approximate Monthly Interest

Loan Amount	6.5%	7.0%	7.5%	8.0%	8.25%
$500	$2.71	**$2.92**	$3.13	$3.33	$3.44
$1,000	$5.42	$5.83	$6.25	$6.67	$6.88
$2,000	$10.83	$11.67	$12.50	$13.33	$13.75
$3,000	$16.25	$17.50	$18.75	$20.00	$20.63
$3,500	$18.96	$20.42	$21.88	$23.33	$24.06
$4,000	$21.67	**$23.33**	$25.00	$26.67	$27.50
$5,000	$27.08	$29.17	$31.25	$33.33	$34.38
$5,500	$29.79	$32.08	$34.38	$36.67	$37.81
$6,000	$32.50	$35.00	$37.50	$40.00	$41.25
$7,000	$37.92	$40.83	$43.75	$46.67	$48.13
$8,000	$43.33	$46.67	$50.00	$53.33	$55.00
$8,500	$46.04	$49.58	$53.13	$56.67	$58.44

STEP 2: Estimate Your Capitalized Interest

Complete this step only if you will capitalize interest on an unsubsidized Federal Stafford Loan. ***This is an estimate only***. Actual interest capitalized will depend on disbursement dates, number of disbursements, the variable interest rate, and the frequency of capitalization.

	Monthly Interest (From Step One)		Number of Months in School and Grace		Estimate of Capitalized Interest
Sample	$ 26.25	x	$ 27	=	$ 709
Unsubsidized Stafford	$ _____	x	$ _____	=	$ _____

STEP 3: Estimate Your Monthly Payment

Round your loan to the nearest $500. If your principal amount is not on the table, follow the example below to estimate your monthly payment. If you previously had interest capitalized, add it to the original loan amount to get the new principal amount.

Example:

Stafford Loan of $6,500 at 7% interest

$6,000 = $69.67/month
+ 500 = 5.81/month
$75.48/month

*Minimum monthly payment = $50 or amount of interest accruing each month

Estimated Monthly Payments *(10 Year Term)*

Principal Balance	6.5%	7.0%	7.5%	8.0%	8.25%
$500*	$5.68	**$5.81**	$5.94	$6.07	$6.13
$1,000*	$11.35	$11.61	$11.87	$12.13	$12.27
$2,000*	$22.71	$23.22	$23.74	$24.27	$24.53
$3,000*	$34.06	$34.83	$35.61	$36.40	$36.80
$3,500*	$39.74	$40.64	$41.55	$42.46	$42.93
$4,000*	$45.42	$46.44	$47.48	$48.53	$49.06
$5,000	$56.77	$58.05	$59.35	$60.66	$61.33
$5,500	$62.45	$63.86	$65.29	$66.73	$67.46
$6,000	$68.13	**$69.67**	$71.22	$72.80	$73.59
$7,000	$79.48	$81.28	$83.09	$84.93	$85.85
$8,000	$90.84	$92.89	$94.96	$97.06	$98.12
$8,500	$96.52	$98.69	$100.90	$103.13	$104.25

	Loan Amount		Estimate of Capitalized Interest (From Step Two)		New Principal Balance	Estimated Monthly Payment
Sample	$ 4,500	+	$ 709	=	$ 5,209	$ 63.86
Subsidized Stafford	$ _____	+	$ -0-	=	$ _____	$ _____
Unsubsidized Stafford	$ _____	+	$ _____	=	$ _____	$ _____

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SAMPLE
Worksheet

Total amount borrowed $2,625 (8.25% interest [maximum]; 65 months to repay)

Expected salary $14,500 Monthly income $1,200

Estimated taxes* $120 Monthly income after taxes $1,000

Expenses:

I.	Rent (studio)	$300.00
II.	Utilities	0.00
III.	Food	217.00
IV.	Child care	0.00
V.	Transportation (RTD Monthly Express pass)	46.00
	Car payment (remember to add insurance and maintenance costs)	191.00
VI.	Personal expenses:	
	Wardrobe	75.00
	Household miscellaneous	55.00
	Entertainment	55.00
VII.	Student loan payment	50.00
VIII.	Emergency fund (should be saving 6% of gross)	0.00
	Total expenses	$989.00

* Based on a flat 10% for easy calculations. See Federal and State tax schedules for tax rates applicable to your situation.

Income	$1,000.00
Expenses	989.00
Discretionary income	$ 11.00

There is no emergency fund and wardrobe and entertainment expenses have been adjusted to avoid a negative balance. You might also consider buying a used car or getting a roommate.

SAMPLE
Worksheet

Total amount borrowed $5,500 (8.25% interest [maximum]; 10-year repayment schedule)

Expected salary $14,500 Monthly income $1,200

Estimated taxes* $120 Monthly income after taxes $1,000

Expenses:

I.	Rent (share one-bedroom)	$200.00
II.	Utilities	35.00
III.	Food	217.00
IV.	Child care	0.00
V.	Transportation (RTD Monthly Express pass)	46.00
	Car payment (remember to add insurance and maintenance costs)	191.00
VI.	Personal expenses:	
	Wardrobe	75.00
	Household miscellaneous	55.00
	Entertainment	55.00
VII.	Student loan payment	68.00
VIII.	Emergency fund (should be saving 6% of gross)	40.00
	Total expenses	$982.00

* Based on a flat 10% for easy calculations. See Federal and State tax schedules for tax rates applicable to your situation.

Income	$1,000.00
Expenses	982.00
Discretionary income	$ 18.00

Wardrobe and entertainment expenses have been adjusted to avoid a negative balance. You might also consider buying a used car.

SAMPLE
Worksheet

Total amount borrowed $10,500 (8.25% interest [maximum]; 10-year repayment schedule)

Expected salary $24,000 Monthly income $2,000

Estimated taxes* $200 Monthly income after taxes $1,800

Expenses:

I.	Rent (modest one-bedroom)	$350.00
II.	Utilities	70.00
III.	Food	217.00
IV.	Child care (one child)	250.00
V.	Transportation (RTD Monthly Express pass)	46.00
	Car payment (remember to add insurance and maintenance costs)	191.00
VI.	Personal expenses:	
	Wardrobe	135.00
	Household miscellaneous	55.00
	Entertainment	110.00
VII.	Student loan payment	128.00
VIII.	Emergency fund	120.00
	Total expenses	$1,672.00

* Based on a flat 10% for easy calculations. See Federal and State tax schedules for tax rates applicable to your situation.

Income	$1,800.00
Expenses	1,672.00
Discretionary income	$ 128.00

SAMPLE
Worksheet

Total amount borrowed $23,000 (8.25% interest [maximum]; 10-year repayment schedule)

Expected salary $24,000 Monthly income $2,000

Estimated taxes* $200 Monthly income after taxes $1,800

Expenses:

I.	Rent (modest one-bedroom)	$350.00
II.	Utilities	70.00
III.	Food	217.00
IV.	Child care (one child)	250.00
V.	Transportation (RTD Monthly Express pass)	46.00
	Car payment (remember to add insurance and maintenance costs)	191.00
VI.	Personal expenses:	
	Wardrobe	135.00
	Household miscellaneous	55.00
	Entertainment	110.00
VII.	Student loan payment	283.00
VIII.	Emergency fund	120.00
	Total expenses	$1,827.00

* Based on a flat 10% for easy calculations. See Federal and State tax schedules for tax rates applicable to your situation.

Income	$1,800.00
Expenses	1,827.00
Discretionary income	$ -27.00

The emergency fund, wardrobe and entertainment expenses are about standard but there is a negative balance. In this case, you might consider consolidating your loans and lowering your monthly payment.

Worksheet

Total amount borrowed _____

Expected salary _____ Monthly income _____

Estimated taxes _____ Monthly income after taxes _____

Expenses:

I. Rent _____

II. Utilities _____

III. Food _____

IV. Child care _____

V. Transportation (RTD and/or car costs) _____

VI. Personal expenses:

Wardrobe _____

Household miscellaneous _____

Entertainment _____

VII. Student loan payment _____

VIII. Emergency fund _____

Total expenses _____

Worksheet

Total amount borrowed _____

Expected salary _____ Monthly income _____

Estimated taxes _____ Monthly income after taxes _____

Expenses:

I. Rent _____

II. Utilities _____

III. Food _____

IV. Child care _____

V. Transportation (RTD and/or car costs) _____

VI. Personal expenses:

Wardrobe _____

Household miscellaneous _____

Entertainment _____

VII. Student loan payment _____

VIII. Emergency fund _____

Total expenses _____

Summary

The Colorado Student Loan Program hopes you have found the information in this booklet helpful. Student loans are a valuable resource when properly managed enabling millions of students to attend college.

A few things to remember:

- Apply for financial aid every year
- Explore *scholarships*
- Borrow only what you absolutely need
- Monitor your debt level carefully
- Keep copies of all of your financial aid documents
- Ask questions if there is anything about the financial aid process you don't understand. The *financial aid counselor* is there to help you.

Good luck with your education!

Please send me a

- ☐ Participating Lenders List
- ☐ Repayment Advisor
- ☐ Student Loan Application
  - ☐ Stafford Student Loan
  - ☐ PLUS

Name _____
(Please Print)

Address _____

Return to: **Colorado Student Loan Program** Marketing Department,
999 - 18th Street, Suite 425, Denver, CO 80202-2440

Or call: 303-294-5094 or 800-777-2757

(SLB)

See Terms to Know on pages 25–28

Terms to Know (financial aid terms that is)

Academic year: A period of time in which a full-time student is expected to complete the equivalent of two semesters. Typically a 9–12 month school term.

Assets: Cash on hand in checking and savings accounts; trusts, stocks, bonds, other securities; real estate, income-producing property, business equipment, and business inventory. Considered in determining expected *family contribution*.

Award letter: A document from the school that provides information on the types and amounts of financial aid offered, as well as specific program information, student responsibilities, and the conditions which govern the award. Generally provides students with the opportunity to accept or decline the aid offered.

Borrower: The person(s) who sign the *Promissory Note*.

Budget: The estimated *cost of attendance* for an institution; usually includes tuition, fees, books, supplies, room, board, personal expenses, and transportation. Other expenses may be included. (See *Cost of Attendance*)

Campus-based programs: The term commonly applied to those federal student aid programs administered by institutions of postsecondary education. Campus-based programs have limited funding so in order to be considered, you need to meet the school's priority consideration deadline.Each school has a different priority date, make sure you know when it is. Programs include: *Federal Perkins Loans, Federal Supplemental Education Opportunity Grant (FSEOG)*, and *College Work-Student (CW-S)*.

College Work-Study Program (CW-S): One of the campus based programs; a part-time employment program which provides jobs for undergraduate and graduate students who are in need of such earnings to meet a portion of their education expenses.

Cost of attendance: This generally includes the tuition and fees, room and board, transportation and commuting costs, books and supplies, and miscellaneous personal expenses. In addition, child care and costs related to a handicap may be included when appropriate. Also referred to as "cost of education" or "*budget*."

Credit bureau or credit bureau report: A credit bureau is an organization that maintains information on your credit history. Credit bureaus provide reports on your credit history to financial institutions who need to know more about your financial reputation. A poor credit rating will adversely affect your ability to borrow in the future.

Default: This happens when a *borrower* fails to make payments on his student loan debt and it is determined that the *borrower* does not intend to honor the terms of the *Promissory Note*. A student loan default has serious consequences:

- reported to all credit bureaus which will damage your credit rating;
- loss of generous *repayment* schedule and *deferment* options;
- possible seizure of federal and state tax refunds;
- exposure to civil law suit;
- possible garnishment of wages;
- loss of eligibility for other student aid programs until suitable arrangements for *repayment* are made.

Deferment: An approved period of time during which loan payments are set aside. If you're a *Federal Perkins Loan* borrower or an unsubsidized *Federal Stafford Loan* borrower, the federal government will pay your interest while your loan is in deferment. Your *repayment* period is extended by the length of the deferment period. In order to receive a deferment you must apply for one and meet certain conditions. For new borrowers, reasons you can defer a loan include:

- at least half-time student at postsecondary school;
- unemployed;
- economic hardship.

Delinquent: A *borrower* is delinquent when a loan payment is not made when due.

Dependent student: Generally considered to be any student under the age of 24. (See the definition of *Independent student* for the exceptions.)

Disbursement: The process by which financial aid funds are made available to students.

Eligible school: A vocational or proprietary school, two-year community college or four-year college or university which meets all criteria for participation in the federal student aid programs.

Family contribution (FC): The amount of money a student and a student's family are expected to contribute toward the cost of attendance. No matter what school you attend, your FC will remain the same. Sometimes referred to as Expected Family Contribution or Estimated Family Contribution.

Federal Consolidation Loan: A program for people who have multiple student loans and want to combine all or some of them into one new loan. The new consolidation loan will have different terms, including interest rate and repayment term, and will pay the student loans included in the consolidation in full.

Federal Pell Grant: An entitlement program for undergraduate students who have not yet completed their first baccalaureate degree. The FAFSA is your application.

Federal Perkins Loans: A campus-based long-term, low interest *loan* program for both undergraduate and graduate students. The interest rate is 5%. Formerly known as the National Direct Student Loan Program. Also known as the Carl D. Perkins National Direct Student Loan Program.

Federal PLUS Loan: Available to parents of dependent undergraduate students. Interest rates are variable but may not exceed 9%.The rate is adjusted every July 1. This loan is not based on *financial need* and it may used it to replace the *family contribution*. Funds come from a bank, credit union, or savings and loan.

Federal Stafford Loan: Low interest loans made to the student by a lender such as a bank, credit union or savings and loan to help pay for the cost of attendance. The interest rate is variable with an 8.25% cap. If you have an subsidized *Federal Stafford Loan*, the federal government will pay the interest while you're in school at least half-time and during the *grace period*. If you have an unsubsidized loan you will be responsible for your interest payments. You must fill out a FAFSA to determine eligibility. You will be notified by the financial aid office if you're eligible.

Federal Supplemental Educational Opportunity Grant (FSEOG): A campus-based *grant* for undergraduate students with exceptional *financial need* who have not completed their first baccalaureate degree. Priority for FSEOG awards must be given to Pell Grant recipients. The FAFSA is your application.

Federal Supplemental Loan for Students (FSLS): This program is no longer available. To replace this program the federal government has increased the *Federal Stafford Loan* limits for *independent students*.

Financial aid counselor: An important resource. This person works in the financial aid office and, among other things, is responsible for preparing your financial aid award. They are available to answer your financial aid questions and can make adjustments to your financial aid award if you have unusual circumstances.

Financial aid package: A financial aid package or award is offered to a student to help offset the cost of his education. The package can contain *grants, loans scholarships* and work-study employment. Financial aid is awarded based on the information you provided on the FAFSA.

Financial aid transcript: An official record of financial aid received. These forms are available from the office of financial aid.

Financial need: The difference between a school's cost of attendance and the family's ability to pay or *family contribution*.

Cost of Attendance
– Resources of Student and Family
= Financial Need

Forbearance: You may be granted a forbearance if you're willing but unable to meet your *repayment* schedule and don't qualify for a *deferment*. During a forbearance period, you won't have to make any principal or interest payments on your *loan*, however, the interest will accrue and be added to your loan balance (capitalized). You have to apply for forbearance, in writing, to the organization holding your loan.

Full-time student: Generally, one who is taking a minimum of 12 semester or quarter hours per academic term in a traditional school or 30 clock hours per week in schools which measure progress in terms of clock hours.

Gift assistance: The form of financial aid, *grants* and *scholarships*, which does not require *repayment* or require that work be performed.

Grace period: The period of time that begins when a *loan* recipient ceases to attend school on at least a half-time basis and ends when the *repayment* period starts. Loan payments do not have to be made and, if borrowing a Federal Perkins or a subsidized *Federal Stafford Loan*, the federal government continues to pay the interest during this period. Currently the grace period is 6 months for *Federal Stafford Loans* and 9 months for *Federal Perkins Loans*.

Graduate or professional student: A student enrolled in an academic program of study above the baccalaureate level at an institution of higher education.

Grant: A type of financial aid that does not have to be repaid and is usually awarded on the basis of *financial need*.

Guarantee agency: A state agency or private, non-profit institution or organization which administers a student loan program. The guarantor oversees the student *loan* process, including approval of the loan and issuance of the guarantee to the lender that the loan will be repaid. In Colorado, the designated guarantee agency is the Colorado Student Loan Program.

Guaranteed Student Loan: Former name of the *Federal Stafford Loan* Program.

Half-time student: In general, this is at least six semester or quarter hours per academic term at a traditional school and 15 clock hours per week for institutions which utilize clock hours to measure progress.

Holder: the organization that owns the right and title of the *Promissory Note* until the *loan* has been paid in full. Holders can change throughout the life of the loan. For example, the lender who originally funded the loan is the holder but if the loan is sold, the buyer becomes the holder. You will be notified in writing if your loan is sold.

Independent student: A student who will be 24 by December 31st of the award year. Or, who is not yet 24 but:

a) is married;

b) is a *graduate or professional student*;

c) is a veteran;

d) has *legal dependents*;

e) is an orphan or ward of the court;

f) has unusual circumstances that can be documented to a *financial aid counselor*.

Legal dependent (of applicant): A natural or adopted child, or a person for whom the applicant has been appointed legal guardian, and for whom the applicant provides more than half support.

Loan: An advance of funds which is evidenced by a *Promissory Note* requiring the recipient to repay the specified amount(s) under prescribed conditions.

Need analysis: A system used to estimate a family's financial ability to meet the applicant's educational expenses.

Paul Douglas Teacher Scholarship: A scholarship program administered by the states to enable and encourage outstanding high school graduates to pursue teaching careers at the elementary and secondary levels. In Colorado, applications are available from high school counseling centers and the Colorado Commission on Higher Education. (Note: If a student receives a Paul Douglas Scholarship and decides not to go into teaching, the scholarship becomes a *loan* that must be repaid.)

Postsecondary school: This term refers to any education institution providing educational services beyond the level of high school. This can apply to proprietary schools, trade and technical schools (vocational), as well as colleges and universities.

Promissory Note: The legal document a *borrower* signs before they can receive a *loan*. The Promissory Note is part of the student loan application and details the terms of the loan, including your interest rate, *repayment* terms and cancellation provisions. READ THIS DOCUMENT BEFORE YOU SIGN IT AND KEEP YOUR COPY FOR FUTURE REFERENCE.

Repayment: The actual terms of how your educational *loan* will be paid back. Terms include the amount of payments (normally paid on a monthly basis), interest rate, and number of years to repay.

Scholarship: A form of financial assistance which does not require *repayment* or employment and is awarded to a student who demonstrates or shows exceptional ability, usually in academic performance or sports. You must apply for each scholarship separately and they come from a variety of sources including churches, professional organizations, businesses and schools. If you're still in high school, the counseling center will have scholarship information. Public libraries are also a good source of information (ask the reference librarian). If you don't qualify the first year don't be afraid to apply in subsequent years — sometimes organizations prefer to award them to college sophomores, juniors and seniors.

Secondary market: The organization that buys *loans* from the lenders to provide them with funds to make more student loans. Secondary markets can also be lenders for certain loan programs. If the lender sells the loan to a secondary market, the secondary market becomes the *holder* until the loan is paid in full. Colorado's state-appointed secondary market is the Colorado Student Obligation Bond Authority (CSOBA) but there are other secondary markets within the state that also buy student loans.

Self-help assistance: A type of financial assistance which requires some action on the student's part. This may include savings from past earnings, income from present earnings, or a *loan* to be repaid from future earnings.

Servicer: The organization that a lender or *secondary market* can hire to help administer the student loan program. This includes disbursing funds, monitoring loans while *borrowers* are in school, and assisting *borrowers* during *repayment*. Colorado servicers are UNIPAC Service Corporation, and CSLP's Loan Servicing Department.

State Student Incentive Grant (SSIG): State *scholarship/grant* assistance for postsecondary students with substantial *financial need*. The FAFSA is your application.

Student Aid Report (SAR): The report you will receive approximately 4–6 weeks after you mail your FAFSA. Look it over carefully; it will confirm the information you supplied on the form. If corrections are required, you need to make them quickly. Before making any corrections, check with the financial aid office of the school you're going to attend — they may be able to make them electronically.

Title IV programs: Those federal student aid programs authorized under title IV of the Higher Education Act of 1965. They include the *Federal Pell Grant*, the *Federal Stafford Loan, Federal PLUS*, SSIG, and the *campus-based programs*.

Unmet need: The difference between a student's available resources and the cost of attendance at a specific school that cannot be covered by financial aid.

Verification: The process of verifying information submitted on the FAFSA. Applicants are randomly selected by the FAFSA processor but some schools verify all financial aid applicants.

Work-study: See *College Work-Study* program.

Colorado Student Loan Program
999 – 18th Street
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